BANK OF CANADA
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# Senior Loan Officer Survey

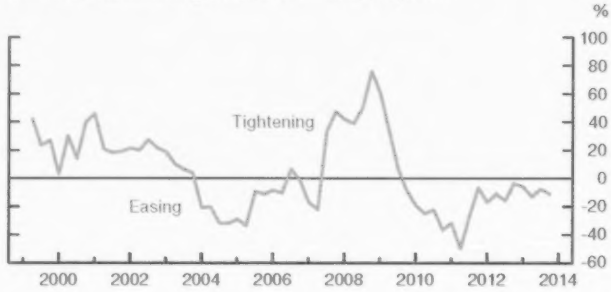
on Business-Lending Practices in Canada  Results of the Fourth-Quarter 2013 Survey | Vol. 6.4 | 13 January 2014

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the fourth quarter of 2013.

- The survey results point to a slight easing in overall business-lending conditions (**Chart 1**), continuing a period of almost uninterrupted easing since late 2009. The net easing occurred primarily in the price aspects of business lending (**Chart 2**).[1,2]
- Survey responses indicate that price conditions eased for all categories of borrowers. Non-price conditions eased mainly for small business borrowers and were nearly unchanged for commercial and corporate borrowers.
- Senior loan officers noted ongoing competitive pressures among lending institutions and from capital markets during the fourth quarter. Respondents reported a slight improvement in access to capital markets, for all grades of borrowers.
- The balance of opinion regarding the demand for credit from financial institutions during the fourth quarter tilted slightly toward an increase in demand, mainly from corporate borrowers. This follows a reported decrease in demand from all categories of borrowers in the third quarter of 2013.

**Chart 1: Senior loan officers reported a slight easing in lending conditions for Canadian non-financial firms…**

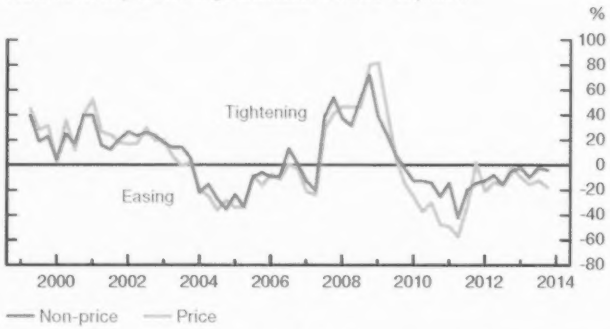
Overall business-lending conditions: Balance of opinion[a]




a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

**Chart 2: …primarily in terms of price conditions**

Price and non-price lending conditions: Balance of opinion[a]




a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

1 The SLOS defines the pricing of credit as spreads over base rates and/or fees rather than as the level of rates.

2 Note that the balance of opinion indicates only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 9 and 16 December 2013. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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